

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House  
(317) 232-9855

**FISCAL IMPACT STATEMENT**

**LS 6748**

**BILL NUMBER:** SB 379

**DATE PREPARED:** Jan 3, 2002

**BILL AMENDED:**

**SUBJECT:** Leveraging Federal Funds for Medicaid.

**FISCAL ANALYST:** Kathy Norris

**PHONE NUMBER:** 234-1360

**FUNDS AFFECTED:** X GENERAL  
DEDICATED  
X FEDERAL

**IMPACT:** State

**Summary of Legislation:** This bill requires the Office of the Secretary of Family and Social Services (FSSA) to identify specified information and develop Medicaid programs or funding mechanisms to obtain additional federal Medicaid funds for health care services. The bill also requires the State Department of Health to seek Medicaid certification for services provided at the Veterans' Home. (The introduced version of this bill was prepared by the Joint Commission on Medicaid Oversight.)

**Effective Date:** Upon passage.

**Explanation of State Expenditures:** *Medicaid Funding Mechanisms:* FSSA and the Office of Medicaid Policy and Planning (OMPP) are to identify options for obtaining additional federal financial participation (FFP) under the Medicaid program. These options may include the expanded use of intergovernmental transfers, local or state government funds that would be eligible for FFP, additional disproportionate share hospital payments for state mental institutions, court-ordered health care services that are paid by the state or local units of government, waiver expansions, etc. Any additional FFP obtained will depend upon administrative success in identifying and implementing feasible options.

*State Department of Health Requirements:* This bill also requires the State Department of Health to develop a plan and seek federal approval to qualify the Indiana Veterans' Home for Medicaid reimbursement. Subject to approval by the State Budget Agency, any revenue accruing to the Veterans' Home from the receipt of Medicaid reimbursement may be used to augment appropriations made to Medicaid long-term care. A previous estimate of the potential additional federal revenue available through participation in the Medicaid program was between \$1.5 M and \$3.0 M annually. This estimate will be updated when additional information becomes available.

The Veteran's Home reports that there are approximately 370 residents at the facility currently. It is estimated that about 122 current residents would qualify for Medicaid eligibility. The process of certifying

the facility for Medicaid would require time for certification, establishment of a billing function, establishment of a Medicaid rate, and residents would need to be assessed for Medicaid level of care and financial eligibility. The Iowa Veterans' Home reported that this process took several months. Additionally, the Iowa Veterans' Home had to promulgate a rule revision specifying that residents were required to apply for all available assistance including assistance available under Title 18 and Title 19 (Medicare and Medicaid).

**Explanation of State Revenues:**

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:**

**State Agencies Affected:** Family and Social Services Administration, Division of Family and Children; Division of Disabilities, Aging, and Rehabilitative Services; Division of Mental Health and Addiction; Office of Medicaid Policy and Planning; State Department of Health; Indiana Comprehensive Health Insurance Association (ICHIA); Department of Education.

**Local Agencies Affected:** County-owned hospitals and health care facilities, local school corporations.

**Information Sources:** Mrs. Arlene Kremer Bell, Iowa State Veterans' Home, (641) 752-1501. Marilyn Cage, Legislative Liaison for the Department of Health, (317) 232-2170.